



WAM ACTIVE LIMITED (WAA)
ABN 49 126 420 719
INVESTMENT UPDATE & NTA – MARCH 2011

WAM Active (WAA) offers investors exposure to an active trading style with the aim of achieving a sound return with a low correlation to traditional markets. Since inception WAA has outperformed the overall sharemarket. WAA's portfolio (before all fees, costs, taxes and dividends) has increased by 55.34% compared to a decline of 11.53% in the S&P/ASX All Ordinaries Accumulation Index. The investment objectives are to deliver investors a growing income stream in the form of fully franked dividends and to preserve capital in both the short term and long term.

In March WAA's gross portfolio (before all fees, costs and taxes) increased by 0.4%, whilst the S&P/ASX All Ordinaries Accumulation Index increased by 0.6%.

Annualised Performance as at 31 March 2011	6 Months	1 Year	2 Years	Since Inception (Jan-08)
WAM Active Limited *	+8.2%	+8.0%	+29.0%	+14.5%
S&P/ASX All Ordinaries Accumulation Index	+8.4%	+4.8%	+22.9%	-3.7%
Outperformance	-0.2%	+3.2%	+6.1%	+18.2%

*The change in the gross portfolio before all expenses, fees and taxes.

The following NTA figures are after the payment of an interim dividend of 4.0 cents per share fully franked paid on 31 March 2011.

NTA before tax	114.68c
NTA after tax and before tax on unrealised gains	116.03c*
NTA after tax	112.75c**

*Includes tax assets of 1.35 cents per share.

**Includes the net effect of 1.35 cents of tax assets and 3.28 cents of deferred tax liabilities.

Market Outlook

Volatility returned to the Australian share market in March, with the S&P/ASX All Ordinaries Accumulation Index slumping 7 per cent during the month, before rallying strongly to close 0.64 per cent higher. The catalyst for the sharp selloff and subsequent rebound were the political upheavals in the oil producing nations and the devastating earthquake in Japan. Both events shook investor confidence but failed to stop the upward march of equities.

Market Outlook (continued)

Equity markets have risen strongly for 2 years now following the March 2009 bottom of the Global Financial Crises. Valuations have gone from being cheap on virtually any measure, to being fairly priced. Historically low interest rates around the globe and the US Federal Reserve's quantitative easing policy have provided enormous liquidity for assets to reflate. The unintended consequence of commodity based inflation, lead by the surge in the oil price, has now emerged and presents a new threat to both developed and developing nations. In addition to this China is aggressively reducing the money supply through lending restrictions and higher interest rates in a bid to curb its own spiking inflation. Until these matters become clearer we believe the markets will stay volatile through the middle part of the year, and as a result we will continue to maintain our cautious stance. We prefer to concentrate our efforts on individual stock opportunities that arise from time to time.

Dividends

On 31 March 2011 the company paid an interim dividend of 4.0 cents per share fully franked. This is a 33% increase on the interim dividend from the previous year.

The Board is committed to paying an increasing stream of fully franked dividends to shareholders provided the company has sufficient franking credits, and it is within prudent business practices. Dividends are paid on a six-monthly basis.

Government legislation introduced in June 2010 now enables companies to pay dividends if the company is deemed solvent. Dividend payments will not be reliant on reported profit and retained earnings as it was previously. Rather it will be with consideration to cash flow, cash holdings and available franking credits.

Option Issue

On 8 February 2010 the Board announced a 1 for 1 option issue for its shareholders. The options, which trade on the Australian Securities Exchange, have an exercise price of \$1.15 per option and can be exercised any time up until the expiry date of 30 April 2011.

One of the reasons behind the option issue is the Board's determination to grow the market capitalisation of WAM Active to \$100m over the next 4 years and to continue to generate strong results.

Portfolio Structure

Investment Type	As at 28 Feb 2011		As at 31 Mar 2011	
	\$m	%	\$m	%
Listed Equities	10.5	54.1%	10.7	55.5%
Fixed Interest and Cash	8.9	45.9%	8.5	44.5%
Total Long Portfolio	19.4	100.0%	19.2	100.0%
Total Short Portfolio	(0.3)		(0.3)	
Total Fund Size	\$19.14m		\$18.92m	
	No.		No.	
Total ordinary shares on issue	15,692,838		16,036,255	
Total options on issue	15,457,048		15,277,825	

During the month of March we decreased our equity holdings to an average of 54.8%, down from 55.9% in the prior month.

We established positions in Amadeus Energy Limited (AMU), Bathurst Resources Limited (BTU), DWS Advanced Business Solutions (DWS), ING Real Estate Community Living Group (ILF), Starpharma Holdings Limited (SPL) and Zicom Group Limited (ZGL).

We took advantage of the following capital raisings Australian Renewable Fuels Limited (ARW), GR Engineering Services Limited (GNG), Millennium Minerals Limited (MOY), NextDC Limited (NXT), Signature Metals Limited (SBL) and Transaction Solutions (TSN).

We reduced our holdings in Credit Corp Group Limited (CCP), Chandler Macleod Group Limited (CMG), Engenco Limited (EGN), Flexigroup Limited (FXL), Havilah Resources Limited (HAV), Investorfirst Limited (INQ), K & S Corporation Limited (KSC), STW Communications Group (SGN), Signature Capital Investments Limited (SGI) and TPG Telecom Limited (TPG).

We exited positions in ASG Group Limited (ASZ), Crescent Gold Limited (CRE), Connexion Limited (CXN), Finbar Group Limited (FRI), Gujarat NRE Coking Coal Limited (GNM), G.U.D. Holdings Limited (GUD), Hansen Technologies (HSN), Integra Mining Limited (IGR), Imdex Limited (IMD), Longreach Group Limited (LRG), Molopo Energy Limited (MPO), M2 Telecommunications Group Limited (MTU), Primary Health Care Limited (PRY), Speciality Fashion Group Limited (SFH) and Texon Petroleum Limited (TXN).

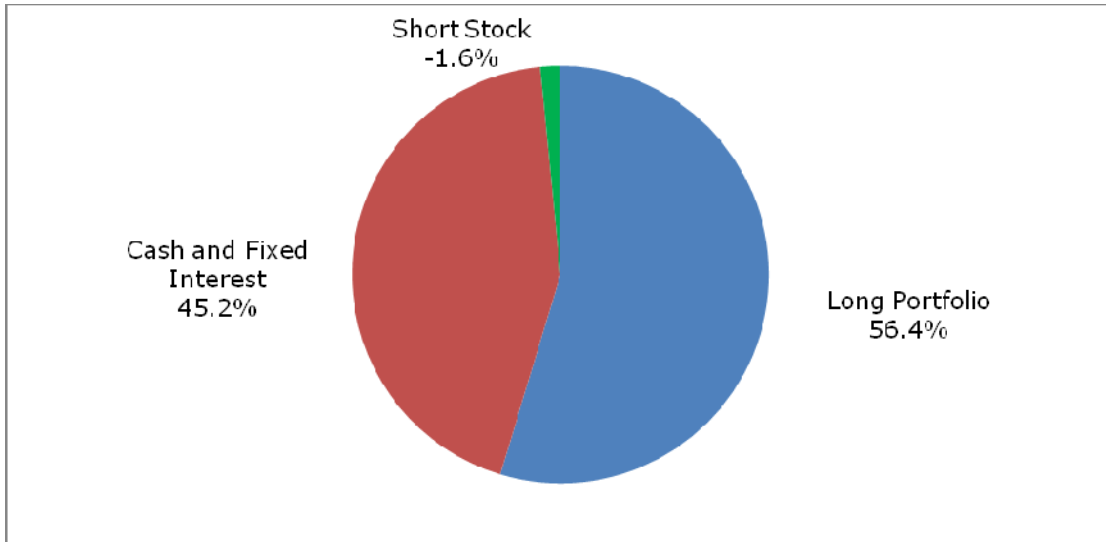
We traded positions in Acrux Limited (ACR), Ampella Mining Limited (AMX), Geo Property Group (GPM), Monadelphous Group Limited (MND), Oaks Hotels & Resorts Limited (OAK) and RHG Limited (RHG).

Portfolio Structure (continued)

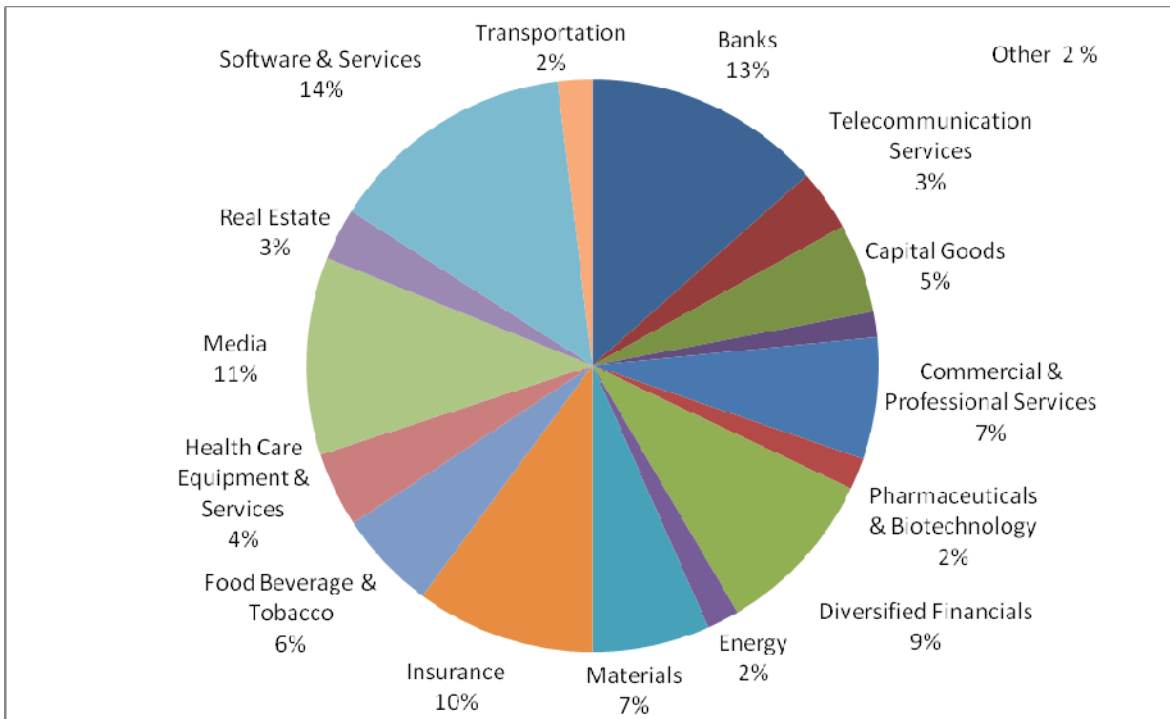
At 31 March 2011 the major securities held in the portfolio were:

Code	Company	Market Value \$	Market Value as % Gross Assets
RHG	RHG Limited	1,347,089	7.1%
TAL	Tower Australia Group Limited	1,080,874	5.7%
RPX	Rp Data Limited	763,810	4.0%
MSF	Maryborough Sugar Factory Limited (The)	598,603	3.2%
CCP	Credit Corp Group Limited	538,268	2.8%
CRZ	Carsales.Com Limited	526,386	2.8%
SYM	Symex Holdings Limited	412,296	2.2%
AUN	Austar United Communications Limited	353,078	1.9%
TLS	Telstra Corporation Limited	346,860	1.8%
VRL	Village Roadshow Limited	344,531	1.8%
SGI	Signature Capital Investments Limited	285,764	1.5%
CCQ	Contango Capital Partners Limited	242,347	1.3%
RVA	Reva Medical Inc	230,113	1.2%
SIP	Sigma Pharmaceuticals Limited	220,500	1.2%
ZGL	Zicom Group Limited	212,969	1.1%
INQ	Investorfirst Limited	211,317	1.1%
KSC	K & S Corporation Limited	209,241	1.1%
BTU	Bathurst Resources Limited	204,600	1.1%
FXJPB	Fairfax Media Limited Convertible Preference Securities	199,060	1.1%
WFM	Webfirm Group Limited	189,615	1.0%

Portfolio Structure – Asset Allocation



Long Portfolio Structure - Sector Allocation



Performance

Set out below is the performance of WAA since listing to March 2011 on a financial year basis. The performance data excludes all expenses, fees and taxes and is used as a guide to how the company's investment portfolio has performed against the S&P/ASX All Ordinaries Accumulation Index which is also a before tax and expenses measure.

Financial Year	Gross Portfolio*	S&P/ASX All Ordinaries Accumulation Index	Outperformance
2007/2008	+2.2%	-15.2%	+17.4%
2008/2009	+9.6%	-22.2%	+31.8%
2009/2010	+22.7%	+13.8%	+8.9%
YTD 2010/2011	+13.0%	+17.8%	-4.8%

*The change in the portfolio before all expenses, fees and taxes.

Monthly Performance Table

	Jan 08	Feb 08	Mar 08	Apr 08	May 08	Jun 08	Jul 08
Gross Portfolio*	+0.3%	+1.2%	+0.5%	+1.6%	+2.4%	-3.7%	-1.1%
All Ords Accum.	-11.2%	+0.3%	-4.1%	+4.6%	+2.5%	-7.3%	-5.2%
	Aug 08	Sep 08	Oct 08	Nov 08	Dec 08	Jan 09	Feb 09
Gross Portfolio*	+0.1%	-3.8%	-5.3%	-5.2%	+3.4%	-1.9%	+0.6%
All Ords Accum.	+4.0%	-10.6%	-13.9%	-7.2%	-0.1%	-4.9%	-4.3%
	Mar 09	Apr 09	May 09	Jun 09	July 09	Aug 09	Sep 09
Gross Portfolio*	+4.5%	+7.6%	+5.0%	+6.2%	+9.6%	+7.5%	+6.2%
All Ords Accum.	+8.1%	+6.1%	+2.2%	+3.9%	+7.7%	+6.5%	+6.0%
	Oct 09	Nov 09	Dec 09	Jan 10	Feb 10	Mar 10	Apr 10
Gross Portfolio*	+2.1%	+0.3%	+1.0%	-3.6%	+0.0%	+2.9%	+0.4%
All Ords Accum.	-1.9%	+1.9%	+3.7%	-5.8%	+1.8%	+5.8%	-1.2%
	May 10	Jun 10	Jul 10	Aug 10	Sep 10	Oct 10	Nov 10
Gross Portfolio*	-4.0%	-0.9%	+1.6%	+0.1%	+2.7%	+1.3%	+2.3%
All Ords Accum.	-7.6%	-2.6%	+4.2%	-0.7%	+5.0%	+2.2%	-0.7%
	Dec 10	Jan 11	Feb 11	Mar 11			Since Inception
Gross Portfolio*	+3.6%	+0.7%	-0.3%	+0.4%			+55.3%
All Ords Accum.	+3.8%	+0.1%	+2.2%	+0.6%			-11.5%

*The change in the portfolio before all expenses, fees and taxes